

Message Text

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ACTION EUR-12

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C O N F I D E N T I A L LONDON 06084

E.O. 11652: XGDS-1
TAGS: E/IND, UK
SUBJECT: BULLOCK REPORT

1. EC MIN DISCUSSED BULLOCK REPORT AT LUNCHEON RECENTLY WITH STANLEY CLINTON DAVIS. PARLIAMENTARY UNDER SECRETARY, DEPARTMENT OF TRADE. WHO IS RESPONSIBLE FOR COMPANY LAW. EC MIN SAID PRIMARY CONCERN OF AMERICAN COMPANIES WITH BULLOCK RECOMMENDATIONS IS POTENTIAL FOR LOSS OF CONTROL OF SUBSIDIARY BY PARENT FIRM.

2. DAVIS SAID IT IS CLEAR THAT THE GOVERNMENT DOES NOT HAVE THE VOTES TO INSTITUTE BULLOCK RECOMMENDATIONS AS WRITTEN; QUESTION NOW IS WHETHER TO PROCEED WITH SOMETHING ON WORKER PARTICIPATION. FOR HIS OWN PART, HE THINKS SOME ACTION IS NECESSARY AND WOULD BE BENEFICIAL IN DEALING WITH THE PRESENT MALAISE IN INDUSTRIAL RELATIONS. HE ALSO ARGUES FOR SOME ACTION IN ANTICIPATION OF EUROPEAN COMPANY LAW WHICH HE THINKS WILL REQUIRE WORKER DIRECTORS WITHIN FIVE YEARS OR SO. HOWEVER HE IS SYMPATHETIC TO MANY OF THE SPECIFIC OBJECTIONS TO BULLOCK. FIRST, THE TWO-TIER BOARD MAKES BETTER SENSE THAN WORKER DIRECTORS ON A UNITARY BOARD, THOUGH HE WOULD NOT OBJECT IF THE MANAGEMENT OF A COMPANY

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ACCEPTS THE CONCEPT. THIS LEADS TO POINT TWO, THERE SHOULD BE A GOOD DEAL OF ELASTICITY FOR WHAT MANAGEMENT AND LABOR CAN WORK OUT IN INDIVIDUAL CASES. FINALLY, HE SYMPATHIZES WITH THE PARENT CONTROL PROBLEM; FOR THESE CASES AND IN GENERAL. THERE MUST BE A TIE-BREAKER VOTE AND THE STOCKHOLDER INTEREST SHOULD HAVE IT, AS IN GERMANY. HE IS NOT VERY SYMPATHETIC TO EITHER SIDE OF

THE ARGUMENT WHETHER WORKERS OR UNIONS SHOULD NAME THE
WORKER DIRECTORS, SINCE, IN MOST CASES. EITHER WILL
PRODUCE THE SAME RESULT.

3. DAVIS EMPHASIZED THAT THESE ARE HIS OWN VIEWS; HE
SAID HE DOES NOT KNOW WHAT POSITION THE GOVERNMENT IS
LIKELY TO TAKE.

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Message Attributes

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Disposition History: n/a
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